



390

Instructional Booklet

ASG TAX OFFICE
First Floor Executive Office Bldg
Utulei, AS 96799

FILING REQUIREMENTS

Do You Have To File?

Use **Chart A, B, or C** to see if you must file a return. U.S. citizens who lived in or had income from a U.S. possession should see **Pub. 570**.

Even if you do not otherwise have to file a return, you should file one to get a refund or any ASG income tax withheld. You should also file if you are eligible for the additional child tax credit.

Exception for Children Under Age

14. If you are planning to file a return for your child who was under age 14 on January 1 of next year, and certain other conditions apply, you may elect to report your child's income on your return. But you must use **Form 8814** to do so. If you make this election, your child does not have to file a return.

Nonresident Aliens and Dual-Status Aliens. These rules also apply to nonresident aliens and dual-status aliens

who were married to U.S. citizens or residents at the end of the tax year and who have elected to be taxed as resident aliens.

When Should You File?

No later than **April 15**. If you file after this date, you may have to pay interest and penalties. See page 23.

What if You Cannot File on Time?

You can get an automatic 4-month extension if, by April 15, you file **Form 4868**.

An automatic 4-month extension to file does not extend the time to pay your tax. See Form 4868.

If you are a U.S. citizen or resident, you may qualify for an automatic extension of time to file without filing Form 4868. You qualify if, on the due date of your return, you meet one of the following conditions.

- You live outside the United States and Puerto Rico **and** your main place of business or post of duty is outside the United States and Puerto Rico
- You are in military or naval service on duty outside the United States and Puerto Rico.

This extension gives you an extra 2 months to file and pay the tax, but interest will be charged from the original due date of the return on any unpaid tax. You must attach a statement to your return showing that you meet the requirements.

Where Do You File?

Taxpayers may file at the ASG Tax Office, first floor of the Executive Office Building in Utulei.

IF your filing status is ...	AND at the end of the tax year You were* ...	THEN file a return if your gross Income** was at least ...
Single	under 65 65 or older	\$ 7,200 8,300
Married filing jointly ***	under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)	\$12,950 13,800 14,650
Married filing separately	any age	\$ 2,800
Head of household (see page 19)	under 65 65 or older	\$ 9,250 10,350
Qualifying widow(er) with dependent Child (see page 19)	under 65 65 or older	\$10,150 11,000

* If you turn 65 on January 1, of next year, you are considered to be age 65 at the end of the tax year.

** **Gross income** means all income you received in the form of money, goods, property, and services that is not exempt from tax including any income from sources outside the United States (even if you may exclude part or all of it). **Do not** include social security benefits unless you are married filing a separate return and you lived with your spouse at any time during the tax year.

*** If you did not live with your spouse at the end of the tax year (or on the date your spouse died) and your gross income was at least \$2,800, you must file a return regardless of your age.

Chart B – For Children and Other Dependents (See the instructions for line 6c on page 2 to find out if someone can claim you as a dependent).

If your parent (or someone else) can claim you as a dependent, use this chart to see if you must file a return.

In this chart, **unearned income** includes taxable interest, ordinary dividends, and capital gain distributions. **Earned income** includes wages, tips, and taxable scholarship and fellowship grants. **Gross income** is the total of your unearned and earned income.

If your gross income was \$2,800 or more, you usually cannot be claimed as a dependent unless you were under age 19 **or** a student under age 24. For details, see **Pub. 501**.

Single dependents. Were you **either** age 65 or older **or** blind?

No. You must file a return if **any** of the following apply.

- Your **unearned income** was over \$700.
- Your **earned income** was over \$4,400.
- Your **gross income** was more than the **larger** of –
 - \$700 **or**
 - Your earned income (up to \$4,150) plus \$250.

Yes. You must file a return if **any** of the following apply.

- Your unearned income was over \$1,800 (\$2,900 if 65 or older **and** blind).
- Your earned income was over \$5,500 (\$6,600 if 65 or older **and** blind).
- Your gross income was more than –

<u>The larger of:</u>	<u>Plus</u>	<u>This amount:</u>
<ul style="list-style-type: none">• \$700 or• Your earned income (up to \$4,150) plus \$250		\$1,100 (\$2,200 if 65 or older and blind)

Married dependents. Were you **either** age 65 or older **or** blind?

No. You must file a return if **any** of the following apply.

- Your **unearned income** was over \$700.
- Your **earned income** was over \$3,675.
- Your gross income was at least \$5 and your spouse files a separate return and itemized deductions.
- Your gross income was more than the **larger** of—
 - \$700 **or**
 - Your earned income (up to \$3,425) plus \$250.

Yes. You must file a return if **any** of the following apply.

- Your unearned income was over \$1,550 (\$2,400 if 65 or older **and** blind).
- Your earned income was over \$4,525 (\$5,375 if 65 or older **and** blind).
- Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
- Your gross income was more than --

<u>The larger of:</u>	<u>Plus</u>	<u>This amount:</u>
<ul style="list-style-type: none">• \$700 or• Your earned income (up to \$3,425) plus \$250		\$850 (\$1,700 if 65 or older and blind)

Chart C – Other Situations When You Must File

You must file a return if any of the four conditions below apply for the tax year.

1. You owe any special taxes, such as:

- Social Security and Medicare tax on tips you did not report to your employer,
 - Uncollected social security and Medicare or RRTA tax on tips you reported to your employer or on group-term life insurance,
 - Alternative minimum tax,
 - Recapture taxes (see the instructions for line 40 that begin on page 13 and line 57 that begin on page 19), or
 - Tax on an individual retirement arrangement (IRA), other retirement plan, or on a medical savings account (MSA). But if you are filing a return only because you owe this tax, you can file **Form 5329** by itself.
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2. You had net earnings from self-employment of at least \$400.

3. You earned wages of \$108.28 or more from a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes.

Where to Report Certain Items from Forms W-2AS, 1098, and 1099

Report on Form 390, line 58, any amounts shown on these forms as **Federal income tax withheld**. If you itemize your deductions, report on Schedule A, line 5, any amounts shown on these forms as **state or local income tax withheld**.

Form	Item and Box in Which it Should Appear	Where To Report if Filing Form 1040
W-2	Wages, salaries, tips, etc (box 1)	Form 1040, line 7
	Advance EIC payments (box 9)	Form 1040, line 55
	Dependent care benefits (box 10)	Form 2441, line 10
	Adoptions benefits (box 13, code T)	Form 8839, line 18
	Employer contributions to an MSA (box 13, code R)	Form 8853, line 1b
W-2G	Gambling winnings (box 1)	Form 1040, line 21 (Schedule C or C-EZ for professional gamblers)
1098	Mortgage interest (box 1)	Schedule A, line 10*
	Points (box 2)	
	Refund of overpaid interest (box 3)	Form 1040, line 21, but first see the instructions on Form 1098*
1098-E	Student loan interest (box 1)	See the instructions for Form 1040, line 24, that begin on pg 9*
10099-A	Acquisition of abandonment of secured property	See Pub. 544
1099-B	Stocks, bonds, etc. (box 2)	Schedule D
	Bartering (box 3)	See Pub. 525
	Aggregate profit or (loss) on contracts (box 9)	Form 6781
1099-C	Canceled debt (box 2)	Form 1040, line 21, but first see the instructions on Form 1099-C
1099-DIV	Ordinary dividends (box 1)	Form 1040, line 9
	Total capital gain distributions (box 2a)	Form 1040, line 13, or, if required, Schedule D, line 13, column (f)
	28% rate gain (box 2b)	Schedule D, line 13, column (g)
	Unrecaptured section 1250 gain (box 2c)	See the worksheet for Schedule D, line 25, on page D-8
	Section 1202 gain (box 2d)	See the instructions for Schedule D
	Nontaxable distributions (box 3)	See the instructions for Form 1040, line 9, that begin on page 7
	Investment expenses (box 5)	Schedule A, line 22
	Foreign tax paid (box 6)	Form 1040, line 43, or Schedule A, line 8

Form	Item and Box in Which it Should Appear	Where To Report if Filing Form 1040
1099-G	Unemployment compensation (box 1)	Form 1040, line 19. But if you repaid any unemployment compensation this year, see instructions for line 19 on pg 6
	State or local income tax refund (box 2)	See the instructions for Form 1040, line 10, on page 3*
	Qualified state tuition program earnings (box 5)	Form 1040, line 21
	Taxable grants (box 6)	Form 1040, line 21*
	Agriculture payments (box 7)	See the Schedule F instructions or Pub. 225
1099-INT	Interest income (box 1)	Form 1040, line 8a
	Early withdrawal penalty (box 2)	Form 1040, line 30
	Interest on U.S. savings bond and Treasury obligations (box 3)	See the instructions for Form 1040, line 8a, on page 3
	Investment expenses (box 5)	Schedule A, line 22
	Foreign tax paid (box 6)	Form 1040, line 43, or Schedule A, line 8
1099-LTC	Long-term care and accelerated death benefits	See Pub. 502 and the instructions for Form 8853
1099-MISC	Rents (box 1)	See the instructions for Schedule E
	Royalties (box 2)	Schedule E, line 4 (timber, coal, iron ore royalties, see Pub. 544)
	Other income (box 3)	Form 1040, line 21*
	Non-employee compensation (box 7)	Schedule C, C-EZ, or F. But if you were not self-employed, see the instructions on Form 1099-MISC.
	Other (boxes 5, 6, 8, 9, and 10)	See the instructions on Form 1099-MISC
1099-MSA	Distributions from medical savings accounts	Form 8853
1099-OID	Original issue discount (box 1)	See the instructions on Form 1099-OID Form 1040, line 30
	Other periodic interest (box 2)	
	Early withdrawal penalty (box 3)	
1099-PATR	Patronage dividends and other distributions from a cooperative (boxes 1, 2, 3, and 5)	Schedule C, C-EZ, or F or Form 4835, but first see the instructions on Form 1099-PATR Form 3468 or Form 5884 Form 6251, line 14j
	Credits (boxes 7 and 8)	
	Patron's AMT adjustment (box 9)	
1099-R	Distributions from IRAs**	See the instructions for Form 1040, lines 15a and 15 b, on pg 4
	Distributions from pensions, annuities etc	See the instructions for Form 1040, lines 16a and 16b, that begin on pg 4.
	Capital gain (box 3)	See the instructions on Form 1099-R

Form	Item and Box in Which it Should Appear	Where To Report if Filing Form 1040
1099-S	Gross proceeds from real estate transactions (box 2)	Form 4797, Form 6252, or Schedule D. But if the property was your home, see the instructions for Schedule D to find out if you must report the sale of exchange.
	Buyer's part of real estate tax (box 5)	See the instructions for Schedule A, line 6, on page A-2*

** If the item relates to an activity for which you are required to file Schedule C, C-EZ, E, or F or Form 4835, report the taxable or deductible amount allocable to the activity on that schedule or form instead.*

***This includes distributions from Roth, SEP, SIMPLE and education IRAs.*

LINE INSTRUCTIONS FOR FORM 390

Name and Address

Enter your name exactly as it appears on your Social Security card. If you are filing a joint return, enter your spouse's name exactly as it appears on the Social Security card.

Name Change

If you changed your name, be sure to report the change to your Social Security Administration office **before** filing your return. This prevents delays in processing your return and issuing refunds. It also safeguards your future social security benefits.

P.O. Box

Enter your box number if your post office does not deliver mail to your home.

Social Security Number (SSN)

An incorrect or missing SSN may increase your tax or reduce your refund. **To apply for an SSN**, get **Form SS-5** from your local Social Security Administration (SSA) office or call the SSA at 1-800-772-1213. Fill in Form SS-5 and return it to the SSA. It usually takes about 2 weeks to get an SSN.

Check that your SSN is correct on your Forms W-2AS and 1099. See page 22 for more details.

Filing Status

Check **only** the filing status that applies to you. The ones that will usually give you the lowest tax are listed last.

- Married filing separately.
- Single.
- **Head of Household.** This

status is for unmarried people who paid over half the cost of keeping up a home for a qualifying person, such as a child or parent. Certain married people who lived apart from their spouse for the last 6 months of the year may also be able to use this status.

- Married filing jointly or Qualifying Widow(er) with dependent child. The **Qualifying widow(er)** status

is for certain people whose spouse died a year or two years prior to the tax year and had a child living with them whom they can claim as a dependent.

Joint and Several Tax Liability. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. However, see **Innocent Spouse Relief** on page 22.

TIP More than one filing status may apply to you. Choose the one that will give you the lowest tax.

Exemptions

You usually can deduct \$2,800 on line 38 for each exemption you can take.

Line 6b Spouse

Check the box on line 6b if you file either (1) a joint return or (2) a separate return and your spouse had no income and is not filing a return. However, **do not** check the box if your spouse can be claimed as a dependent on another person's return.

Line 6c Dependents

You can take an exemption for each of your dependents. The following is a brief description of the five tests that must be met for a person to qualify as your dependent. If you have **more than five** dependents, attach **Form 390A** to your return with the required information.

Relationship Test. The person must be either your relative or have lived in your home as a family member all year. If the person is not your relative, the relationship must not violate local law.

Joint Return Test. If the person is married, he or she cannot file a joint return. But the person can file a joint return if the return is filed only as a

claim for refund **and** no tax liability would exist for either spouse if they had filed separate returns.

Citizen or Resident Test. The person must be a U.S. citizen, U.S. national or resident alien. There is an exception for certain adopted children.

Income Test. The person's gross income must be less than \$2,800. But your child's gross income can be \$2,800 or more if he or she was either **under age 19** at the end of the year or **under age 24** at the end of the year **and** was a **student**.

Support Test. You must have provided over half of the person's total support for the year. But there are two exceptions to this test: one for children of divorced or separated parents and one for persons supported by two or more taxpayers.

TIP For more details about the tests, including any exceptions that apply, see **Pub. 501**.

Line 6c, Column (3)

You must enter each dependent's social security number (SSN). Be sure the name and SSN entered agree with the dependent's social security card. Otherwise, at the time we process your return, we may disallow the exemption claimed for the dependent and reduce or disallow any other tax benefits (such as child tax credit) based on that dependent. If the name or SSN on the dependent's social security card is not correct, call the Social Security Administration at 1-800-772-1213.

TIP For details on how your dependent can get an SSN, see the Social Security section on this page. If your dependent will not have a number by April 15, of the filing year, see **What if You Cannot File on Time?** on page i.

If your dependent child was born and died during the tax year and you do not have an SSN for the child, you may attach a copy of the child's birth certificate instead and enter "Died" in column (3).

Adoption Taxpayer Identification

Numbers (ATINS). If you have a dependent who was placed with you by an authorized placement agency and you do not know his or her SSN, you must get an ATIN for the dependent from the IRS. An authorized placement agency includes any person authorized by state law to place children for legal adoption. See **Form W-7A** for details.

Line 6c, Column (5)

Check the box in this column if your dependent is a qualifying child for the child tax credit (defined below). If you have at least one qualifying child, you may be able to take the child tax credit on line 47.

Qualifying Child for Child Tax Credit.

A qualifying child for purposes of the child tax credit is a child who:

- Is claimed as your dependent on line 6c, **and**
- Was **under age 17** at the end of the tax year
- Is your son, daughter, adopted child, grandchild, step- child, or foster child, **and**
- Is a U.S. citizen, U.S. national and resident alien.

A child placed with you by an authorized placement agency for legal adoption is an **adopted child** even if the adoption is not final. An authorized placement agency includes any person authorized by state law to place children for legal adoption.

A **grandchild** is any descendant of your son, daughter, or adopted child and includes your great-grandchild, great-great grand child, etc.
In 2003, a **foster child** is any child you cared for as your own child who:

- Is (1) your brother, sister, stepbrother, or stepsister; (2) a descendant (such as a child, including an adopted child) of your brother, sister, stepbrother, or stepsister; **or** (3) a child placed with you by an authorized placement agency, **and**

- Lived with you for all of the year. A child who was born or died in the year is considered to have lived with your for all of the year if your home was the child's home for the entire time he or she was alive during the tax year.

Children Who Did Not Live With You Due to Divorce or Separation

If you are claiming a child who did not live with you under the rules in **Pub 501** for children of divorced or separated parents, attach **Form 8332** or similar statement to your return. But see **Exception** below. If your divorce decree or separation agreement went into effect after 1984 and it states you can claim the child as your dependent without regard to any condition, such as payment of support, you may attach a copy of the following pages from the decree or agreement instead.

1. Cover page (put the other parent's SSN on that page),
2. The page that states you can claim the child as your dependent, and
3. Signature page with the other parent's signature and date of agreement.

Note. You must attach the required information even if you filed it in an earlier year.

Exception. You do not have to attach Form 8332 or similar statement if your divorce decree or written separation agreement went into effect before 1985 and it states that you can claim the child as your dependent.

Other Dependent Children

Include the total number of children who did not live with you for reasons other than divorce or separation on the line labeled "Dependents on 6c not entered above."

Income

Foreign-Source Income

You must report unearned income, such as interest, dividends, and pensions, from sources outside American Samoa unless exempt by law or a tax treaty. You must also report earned income, such as wages and tips, from sources outside American Samoa.

If you worked abroad, you may be able to exclude part or all of your earned income. For details, see **Pub. 54** and **Form 2555** or **2555-EZ**.

Rounding Off to Whole Dollars

To round off cents to the nearest whole dollar on your forms and schedules, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. If you do round off, do so for all amounts. But if you have to add two or more amounts to figure the amount to enter on a line, include cents when adding and only round off the total.

Line 7

Wages, Salaries, Tips, etc.

Enter the total of your wages, salaries, tips, etc. If a joint return, also include your spouse's income. For most people, the amount to enter on this line should be shown in box 1 of their **Form(s) W-2** and **W-2AS**. But the following types of income must also be included in the total on line 7.

- **Dependent care benefits**, which should be shown in box 10 of your W-2AS form(s). But first complete **Form 2441** to see if any may exclude part or all of the benefits.

- **Employer-provided adoption benefits**, which should be shown in box 13 of your W-2AS form(s) with code **T**. But first complete **Form 8839** to see if you may exclude part or all of the benefits.

- **Scholarship and fellowship grants** not reported on a W-2AS form. Also, enter "SCH" and the amount on the dotted line next to line 7. **Exception.** If you were a degree candidate, include on line 7 **only** the amounts you used for expenses other than tuition and course-related expenses. For example, amounts

used for room, board, and travel must be reported in line 7.

- **Excess salary deferrals.** The amount deferred should be shown in box 13 of your W-2AS form and the “Deferred compensation” box in box 15 should be checked. If the total amount you (or your spouse if filing jointly) deferred for the year under **all** plans was more than \$10,500 include the excess on line 7. But a different limit may apply if amounts were deferred under a tax-sheltered annuity plan or an eligible plan of a state or local government or tax-exempt organization. See **Pub. 525** for details.

! You may **not** deduct the amount deferred. It is not included as income in box 1 of your W-2AS form.

- **Disability pensions** shown on **Form 1099-R** if you have not reached the minimum retirement age set by your employer. Disability pensions received after you reach that age and other pensions shown on Form 1099-R (other payments from an IRA*) are reported on lines 16a and 16b. Payments from an IRA are reported on lines 15a and 15b.

- **Corrective distributions** shown on **Form 1099-R** of (1) excess salary deferrals plus earnings and (2) excess contributions plus earnings to a retirement plan. But do not include distributions from an IRA* on line 7. Instead, report them on lines 15a and 15b.

**This includes a Roth, SEP, SIMPLE, or education IRA.*

Were You a Statutory Employee?

If you were, the “Statutory employee” box in box 15 of your W-2 form should be checked. Statutory employees include full-time life insurance salespeople, certain agent or commission drivers and traveling salespeople, and certain home workers. If you have related business expenses to deduct, report the amount shown in box 1 of your W-2 form on **Schedule C** or **C-EZ** along with your expenses.

Missing or Incorrect Form W-2AS?

Even if you do not get a Form W-2AS, you must still report your earnings on line 7. If you lose your Form W-2AS, or it is incorrect, ask your employer for a new one.

Line 8a Taxable Interest

Each payer should send you a **Form 1099-INT** or **Form 1099-OID**. Enter your total taxable interest income on line 8a. But you must fill in and attach **Schedule B** if the total is over \$400.

Interest credited in the year on deposits that you could not withdraw because of the bankruptcy or insolvency of the financial institution may not have to be included in this year’s income. For details, see **Pub. 550**.

TIP If you get this year’s Form 1099-INT for U.S. savings bond interest that includes amounts you reported before the year, see **Pub. 550**.

Line 8b Tax-Exempt Interest

If you received any tax-exempt interest, such as from municipal bonds, report it on line 8b. Include any exempt-interest dividends from a mutual fund or other regulated investment company. **Do not** include interest earned on your IRA.

Line 9 Ordinary Dividends

Each payer should send you a **Form 1099-DIV**. Enter your total ordinary dividends on line 9. But you must fill in and attach **Schedule B** if the total is over \$400 or you received, as a nominee, ordinary dividends that actually belong to someone else.

Capital Gain Distributions

If you received any capital gain distributions, see the instructions for line 13 on page 4.

Nontaxable Distributions

Some distributions are nontaxable because they are a return of your cost. They will not be taxed until you recover your cost. You must reduce your cost (or other basis) by these distributions. After you get back all of your cost (or other basis), you must report these distributions as capital gains on **Schedule D**. For details, see **Pub. 550**.

TIP Dividends on insurance policies are a partial return of the premiums you paid. **Do not** report them as dividends. Include them in income only if they exceed the total of all net premiums you paid for the contract.

Line 10 Taxable Refunds, Credits or Offsets of State and Local Income Taxes

TIP None of your refund is taxable if, in the year you paid the tax, you **did not** itemize your deductions.

If you received a refund, credit, or offset of state or local income taxes in the year, you may receive a **Form 1099-G**. If you chose to apply part or all of the refund to this year’s estimated state or local income tax, the amount applied is treated as received this year. If the refund was for a tax you paid the previous year and you itemized deductions for that same year, use the **State and Local Income Tax Refund Worksheet – Line 10** to see if any of your refund is taxable.

Line 11 Alimony Received

Enter amounts received as alimony or separate maintenance. You must let the person who made the payments know your social security number. If you do not, you may have to pay a \$50 penalty.

Line 12 Business Income or (Loss)

If you operated a business or practiced your profession as a sole proprietor, report

your income and expenses on **Schedule C** or **C-EZ**.

Line 13 Capital Gain or (Loss)

If you had a capital gain or loss, including any **capital gain distributions** from a mutual fund, you **must** complete and attach **Schedule D**.

Exception. You do not have to file Schedule D if **all three** of the following apply.

1. The only amounts you have to report on Schedule D are capital gain distributions from box 2a of **Forms 1099-DIV** or substitute statements.
2. None of the Forms 1099-DIV or substitute statements have an amount in box 2b (28% rate gain), box 2c (unrecaptured section 1250 gain), or box 2d (section 1202 gain).
3. You are not filing **Form 4952** (relating to investment interest expense deduction) or the amount on line 4e of that form is not more than zero.

If all three of the above apply, enter your capital gain distributions on line 13 and check the box on that line. Also, be sure you use the **Capital Gain Tax Worksheet** on page 15 to figure your tax.

Line 14 Other Gains or (Losses)

If you sold or exchanged assets used in a trade or business, see the Instructions for **Form 4797**.

Line 15a and 15b IRA Distributions

You should receive a **Form 1099-R** showing the amount of the distribution from your individual retirement arrangement (IRA). Unless otherwise noted in the line 15a and 15b instructions, an IRA includes a traditional IRA, Roth IRA, education (Ed) IRA, simplified employee pension (SEP) IRA, and a savings incentive match plan for employees (SIMPLE) IRA. Leave line

15a blank and enter the total distribution on line 15b.

Exception. Do not enter your total IRA distribution on line 15b if **any** of the following apply.

1. You made nondeductible contributions to any of your traditional or SEP IRAs for this year or an earlier year. Instead, use **Form 8606** to figure the amount to enter on line 15b; enter the total distribution on line 15a. If you made non-deductible contributions to these IRAs for this year, also see **Pub. 590**.
2. You converted part or all of a traditional, SEP, or SIMPLE IRA to a Roth IRA in this year. Instead, use Form 8606 to figure the amount to enter on line 15b; enter the total distribution on line 15a.
3. You made an excess contribution in the year to your IRA and withdrew it during the period of January 1 to April 16 of the following year. Enter the total distribution on line 15a and the taxable part (the earnings) on line 15b.
4. You received a distribution from an Ed or Roth IRA and the total distribution was not rolled over into another IRA of the same type. Instead, use the Form 8606 to figure the amount to enter on line 15b; enter the total distribution on line 15a.
5. You rolled your IRA distribution over into another IRA of the same type (for example, from one traditional IRA to another traditional IRA). Enter the total distribution on line 15a and put "Rollover" next to line 15b. If the total on line 15a was rolled over, enter zero on line 15b. If the total was not rolled over, enter the part not rolled over on line 15b. But if item 1 above also applies, use Form 8606 to figure the taxable part.

If you rolled over the distribution **(a)** in the next year or **(b)** from a conduit IRA

into a qualified plan, attach a statement explaining what you did.

! You may have to pay an additional tax if **(1)** you received an early distribution from your IRA and the total distribution was not rolled over, or **(2)** you were born before July 1, 1932 and received less than the minimum required distribution. See the instructions for line 54 on page 19 for details.

Line 16a and 16b Pensions and Annuities

You should receive a **Form 1099-R** showing the amount of your pension and annuity payments. See page 6 for details on rollovers and lump-sum distributions. **Do not** include the following payments on lines 16a and 16b. Instead, report them on line 7.

- Disability pensions received before you reach the minimum retirement age set by your employer.
- Corrective distributions of excess salary deferrals or excess contributions to retirement plans.

TIP Attach Form(s) 1099-R to Form 390 if any AS income tax was withheld.

Fully Taxable Pensions and Annuities

If your pension or annuity is fully taxable, enter it on line 16b; **do not** make an entry on line 16a. Your payments are fully taxable if **either** of the following applies.

- You did not contribute to the cost (see page 6) of your pension or annuity **or**
- You got your entire cost back tax free before this year.

Fully taxable pensions and annuities also include military retirement pay shown on Form 1099-R. For details on military disability pensions, see **Pub. 525**. If you received a **Form RRB-1099-R**, see **Pub. 575** to find out how to report your benefits.

Partially Taxable Pensions and Annuities

If your pension or annuity is partially taxable and your Form 1099-R does not show the taxable part, you must see the General Rule to figure the taxable part. The General Rule is explained in **Pub. 939**. However, if your annuity starting date (defined on this page) was **after** July 1, 1986, you may be able to use the Simplified Method explained on this page. But if your annuity starting date was **after** November 18, 1996, and items **1, 2, and 3** under **Simplified Method** apply, you **must** use the Simplified Method to figure the taxable part.

If your Form 1099-R shows a taxable amount, you may report that amount on line 16b. But you may be able to report a lower taxable amount by using the General Rule or the Simplified Method.

Once you have figured the taxable part of your pension or annuity, enter that amount on line 16b and the total on line 16a.

Annuity Starting Date

Your annuity starting date is the later of the first day of the first period for which you received a payment, or the date the plan's obligations became fixed.

Simplified Method

If your annuity starting date (defined above) was **after** July 1, 1986, and **all three** of the following apply, you can use this simpler method. But if your annuity starting date was **after** November 18, 1996, and **all three** of the following apply, you **must** use the Simplified Method.

1. The payments are for **(a)** your life or **(b)** your life and that of your beneficiary.

2. The payments are from a qualified employee plan, a qualified employee annuity, or a tax-sheltered annuity.

3. At the time the pension or annuity payments began, either you were under age 75 or the number of years of guaranteed payments was fewer than 5. See Pub. 575 for the definition of guaranteed payments.

If all three apply, use the worksheet below to figure the taxable part of your pension or annuity. For more details on the Simplified Method, see Pub. 575 or **Pub. 721** for U.S. Civil Service retirement.

Simplified Method Worksheet – Lines 16a and 16b

Keep for Your Records

Note: If you had more than one partially taxable pension or annuity, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040, line 16b. Enter the total pension or annuity payments received in the year on Form 390; line 16a.

1. Enter the total pension or annuity payments received this year. Also, enter this amount on Form 390, line 16a..... 1. _____
2. Enter your cost in the plan at the annuity starting date plus any death benefit exclusion (see page 6) 2. _____
3. Enter the appropriate number from **Table 1** below. **But** if your annuity starting date was **after** 1997 **and** the payments are for your life and that of your beneficiary, enter the appropriate number from **Table 2** below 3. _____
4. Divide line 2 by the number on line 3 4. _____
5. Multiply line 4 by the number of months for which this year's payments were made. If your annuity starting date was **before** 1987, skip lines 6 and 7 and enter this amount on line 8. Otherwise, go to line 6 5. _____
6. Enter the amount, if any, recovered tax free in years after 1986 6. _____
7. Subtract line 6 from line 2 7. _____
8. Enter the **smaller** of line 5 or line 7 8. _____
9. **Taxable amount.** Subtract line 8 from line 1. Enter the result, but not less than zero. Also enter this amount on Form 390 line 16b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the Amount from Form 1099-R. 9. _____

Table 1 for Line 3 Above

IF the age at annuity starting date (see page 6) was . . .	before November 19, 1996, enter on line 3 . . .	after November 18, 1996. enter on line 3 . . .
55 or under	300	360
56 – 60	260	310
61 – 65	240	260
66 – 70	170	210
71 or older	120	160

*worksheet continues on the next page

Table 2 for Line 3 Above

IF the combined ages at annuity starting date (see page 6) were

THEN enter on line 3

110 or under	410
111 – 120	360
121 – 130	310
131 – 140	260
141 or older	210

! If you received U.S. Civil Service retirement benefits and you chose the lump-sum credit option, use the worksheet in Pub. 721. **Do not** use the worksheet on page 5.

Age (or Combined Ages) as Annuity Starting Date

If you are the retiree, use your age on the annuity starting date. If you are the survivor of a retiree, use the retiree's age on his or her annuity starting date. **But** if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, use your combined ages on the annuity starting date.

If you are the beneficiary of an employee who died, see Pub. 575. If there is more than one beneficiary, see Pub. 575 or Pub. 721 to figure each beneficiary's taxable amount.

Changing Methods

If your annuity starting date was **after** July 1, 1986, and **before** November 19, 1996, you may be able to change from the General Rule to the Simplified Method (or the other way around). For details, see Pub. 575 or Pub. 721

Cost

Your cost is generally your net investment in the plan as of the annuity starting date. It should be shown in box 9b of Form 1099-R for the first year you received payments from the plan.

Death Benefit Exclusion. If you are the beneficiary of a deceased employee or former employee who died **before** August 21, 1996, amounts paid to you by, or on behalf of, an employer because of the death of the employee may qualify for a death benefit exclusion of up to \$5,000. If you are entitled to this exclusion, add it to the amount you enter on line 2 of the worksheet on page 5. Do this even if the Form 1099-R shows a taxable amount. The payer of the annuity cannot add the death benefit exclusion to your cost when

figuring the taxable amount. Special rules apply if you are the survivor under a joint and survivor's annuity. For details, see Pub. 939.

Rollovers

A rollover is a tax-free distribution of cash or other assets from one retirement plan that is contributed to another plan. Use lines 16a and 16b to report a rollover, including a direct rollover, from one qualified employer's plan to another or to an IRA or SEP.

Enter on line 16a the total distribution before income tax or other deductions were withheld. This amount should be shown in box 1 of **Form 1099-R**. From the total on line 16a, subtract any contributions (usually shown in box 5) that were taxable to you when made. From that result, subtract the amount that was rolled over either directly or within 60 days of receiving the distribution. Enter the remaining amount, even if zero, on line 16b. Also, put "Rollover" next to line 16b.

Special rules apply to partial rollovers of property. For more details on rollovers, including distributions under qualified domestic relations orders, see Pub. 575

Lump-Sum Distributions

If you received a lump-sum distribution from a profit-sharing or retirement plan, your Form 1099-R should have the "Total distribution" box in box 2b checked. You may owe an additional tax if you received an early distribution from a qualified retirement plan and the total amount was not rolled over. For details, see the instructions for line 54 on page 19.

Enter the total distribution on line 16a and the taxable part on line 16b.

TIP You may be able to pay less tax on the distribution if you were born before 1936, you meet certain other conditions, and you choose to use **Form 4972** to figure the tax on any part of the distribution. You may also be able to use

Form 4972 if you are the beneficiary of a deceased employee who was born before 1936. For details, see Form 4972.

Line 19 Unemployment Compensation

You should receive a **Form 1099-G** showing the total unemployment compensation paid to you in the year.

If you received an overpayment of unemployment compensation in the year and you repaid any of it in the year subtract the amount you repaid from the total amount you received. Enter the result on line 19. Also, enter "Repaid" and the amount you repaid on the dotted line next to line 19. If, in the year you repaid unemployment compensation that you included in gross income in an earlier year, you may deduct the amount repaid on **Schedule A**, line 22. But if you repaid more than \$3,000, see **Repayments in Pub. 525** for details on how to report the repayment.

Line 20a and 20b Social Security Benefits

You should receive a **Form SSA-1099** showing in box 3 the total social security benefits paid to you. Box 4 will show the amount of any benefits you repaid in the year. If you received a railroad retirement benefits treated as social security, you should receive a **Form RRB-1099**.

Use the worksheet on page 8 to see if any of your benefits are taxable.

Exceptions. **Do not** use the worksheet on page 8 if **any** of the following apply.

- You made contributions to traditional IRA for the year and you were covered by a retirement plan at work or through self-employment. Instead, use the worksheets in **Pub. 590** to see if any of your social security benefits are taxable and to figure your IRA deduction.

- You repaid any benefits this year and your total repayments (box 4) were more than your total benefits for the year (box 3). **None** of your benefits are taxable for the year. In addition, you may be able to take an itemized deduction for part of the excess repayments if they were for benefits you included in gross income in an earlier year. For more details, see **Pub. 915**.

- You file **Form 2555, 2555-EZ, 4563, or 8815**, or you exclude employer-provided adoption benefits or income from sources within Puerto Rico. Instead, use the worksheet in Pub. 915.

Line 21 Other Income

! Do not report on this line any income from **self-employment** or fees received as a notary public. Instead, you **must** use **Schedule C, C-EZ, or F**, even if you do not have any business expenses. Also, **do not** report on line 21 any non-employee compensation shown in **Form 1099-MISC**. Instead, see the chart on page iv to find out where to report that income.

Use line 21 to report any other income not reported on your return or other schedules. See examples that begin on page 8. List the type and amount of income. If necessary, show the required information on an attached statement. For more details, see **Miscellaneous Taxable Income** in **Pub. 525**.

TIP Do not report any nontaxable income on line 21, such as a child support; money or property that was inherited, willed to you, or received as a gift; or life insurance proceeds received because of a person's death.

Examples of **income to report** on line 21 are:

- Prizes and awards
- Gambling winnings, including lotteries, raffles, a lump-sum payment from the sale of a right to receive future lottery payments, etc. For details on gambling losses, see the instructions for **Schedule A**, line 27, on page A-6.

- Jury duty fees. Also, see the instructions for line 32 on page 11.
- Alaska Permanent Fund dividends.
- Qualified state tuition program earnings.
- Reimbursements or other amounts received for items deducted in an earlier year, such as medical expenses, real estate taxes or home mortgage interest. See **Recoveries** in Pub. 525 for details on how to figure the amount to report.
- Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property. Also, see the instructions for line 32 on page 11.
- Income from an activity not engaged in for profit. See **Pub. 535**.
- Loss on certain corrective distributions of excess deferrals. See **Pub. 525**.

Adjusted Gross Income

Line 23 IRA Deduction

TIP If you made any nondeductible contributions to a traditional individual retirement arrangement (IRA) for this year, you **must** report them on **Form 8606**.

If you made contributions to a traditional IRA for the year, you may be able to take an IRA deduction. But you, or your spouse if filing a joint return, must have had earned income to do so. For IRA purposes, earned income includes certain alimony received. See **Pub. 590** for details. You should receive a statement by May 31 of next year that shows all contributions to your traditional IRA for this year.

Use the worksheet on page 10 to figure the amount, if any, of your IRA deduction. **But read the following list before you fill in the worksheet.**

- If you were age 70 ½ or older at the end of this year, you **cannot** deduct any contributions made to your traditional

IRA for the year or treat them as nondeductible contributions.

- You **cannot** deduct contributions to a Roth IRA or an education IRA.

! If you made contributions to both a traditional IRA and a Roth IRA for the year, **do not** use the worksheet on page 10. Instead, use the worksheet in **Pub. 590** to figure the amount, if any, of your IRA deduction.

- You **cannot** deduct contributions to a 401(k) plan, SIMPLE plan, or the Federal Thrift Savings Plan. These amounts are not included as income in box 1 of your W-2AS form.

- If you made contributions to your IRA for the year that you deducted for in the previous year, **do not** include them in the worksheet.

- If you received a distribution from a nonqualified deferred compensation plan or section 457 plan that is included in box 1 of your W-2AS form, do not include that distribution on line 8 of the worksheet. The distribution should be shown in box 11 of your W-2AS form.

- You must file a joint return to deduct contributions to your spouse's IRA. Enter the total IRA deduction for you and your spouse on line 23.

- Do not include trustee's fee that were billed separately and paid by you for your IRA. These fees can be deducted only as an itemized deduction on **Schedule A**.

- If the total of your IRA deduction on Form 390 plus any nondeductible contribution to your traditional IRAs shown on Form 8606 is less than your total traditional IRA contributions for the year see Pub. 590 for special rules.

Before you begin

1. Complete Form 390, lines 21, 23, and 25 through 31a, if they apply to you.
2. Figure any amount to be entered on the dotted line next to line 32 (see page 11)
3. If you are married filing separately and you **lived apart** from your spouse for all of the year, enter "D" to the right of the word "benefits" on line 20a.
4. Be sure you have read the **Exceptions** that begin on page 6 to see if you must use a publication instead of this worksheet to find out if any of your benefits are taxable.

1. Enter the total amount from **box 5** of **all** your **Forms SSA-1099** and **RRB-1099** 1. _____
2. Is the amount on line 1 more than zero?
 - No.** STOP None of your social security benefits are taxable
 - Yes.** Enter one-half of line 1 2. _____
3. Add the amounts on Form 390, lines 7, 8a, 9 through 14, 15b, 16b, 17 through 19, and 21. Do not include amounts from box 5 of Forms SSA-1099 or RRB-1099 3. _____
4. Enter the amount, if any, from Form 390, line 8b 4. _____
5. Add lines 2, 3, and 4 5. _____
6. Add the amounts on Form 390, lines 23, and 25 through 31a, and any amount you entered on the dotted line next to line 32 6. _____
7. Subtract line 6 from line 5 7. _____
8. Enter: \$25,000 if single, head of household, qualifying widow(er), or married filing separately and you **lived apart** from your spouse for all of the year; \$32,000 if married filing jointly; -0- if married filing separately and you lived with your spouse at any time in the year 8. _____
9. Is the amount on line 8 less than the amount on line 7?
 - No.** STOP None of your social security benefits are taxable. You do not have to enter any amounts on lines 20a or 20b of Form 1040. **But** if you are married filing separately and you **lived apart** from your spouse for all of the year, enter -0- on line 20b. Be sure you entered "D" to the right of the word "benefits" on line 20a.
 - Yes.** Subtract line 8 from line 7 9. _____
10. Enter: \$9,000 if single, head of household, qualifying widow(er), or married filing separately and you **lived apart** from your spouse for all of the year; \$12,000 if married filing jointly; -0- if married filing separately and you lived with your spouse at any time in the year 10. _____
11. Subtract line 10 from line 9. If zero or less, enter -0- 11. _____
12. Enter the **smaller** of line 9 or line 10 12. _____
13. Enter one-half of line 12 13. _____
14. Enter the **smaller** of line 2 or line 13 14. _____
15. Multiply line 11 by 85% (.85). If line is zero, enter -0- 15. _____
16. Add lines 14 and 15 16. _____
17. Multiply line 1 by 85% (.85) 17. _____
18. **Taxable social security benefits.** Enter the **smaller** of line 16 or line 17 18. _____
 Enter the amount from line 1 above on Form 390, line 20a.
 Enter the amount from line 18 above on Form 390, line 20b.

TIP

If part of your benefits are taxable for this year **and** they include benefits paid in the year that were for an earlier year, you may be able to reduce the taxable amount. See Pub. 915 for details.

TIP

By April 1 of the year after the year in which you turn age 70 ½ you must start taking minimum required distributions from your traditional IRA. If you do not, you may have to pay a 50% additional tax on the amount that should have been distributed. For details, including how to figure the minimum required distribution, see Pub. 590.

Were You Covered by a Retirement Plan?

If you were covered by a retirement plan (qualified pension, profit-sharing (including 401(k)), annuity, SEP, SIMPLE, etc.) at work or through self-employment, your IRA deduction may be reduced or eliminated. But you can still make contributions to an IRA even if you cannot deduct them. In any case, the

income earned on your IRA contributions is not taxed until it is paid to you.

The "Pension plan" box in box 15 of your W-2AS form should be checked if you were covered by a plan at work even if you were not vested in the plan. You were also covered by a plan if you were self-employed and had a SEP, SIMPLE, or qualified retirement plan.

If you were covered by a retirement plan and you file **Form 2555, 2555-EZ, or 8815**, or you exclude employer-provided adoption benefits, see Pub. 590 to figure the amount, if any, of your IRA deduction.

Married Persons Filing Separately. If you were not covered by a retirement plan but your spouse was, **you** are considered covered by a plan unless you **lived apart** from your spouse for all of the year.

Line 24 Student Loan Interest Deduction

Use the worksheet on page 12 to figure your student loan interest deduction if **all five** of the following apply.

1. You paid interest this year on a qualified student loan (see below)
2. At least part of the interest paid in the year was paid during the first 60 months that interest payments were required to be made. See **Example** below.
3. Your filing status is any status **except** married filing separately.
4. Your modified adjusted gross income (AGI) is less than: \$55,000 if single, head of household, or qualifying widow(er); \$75,000 if married filing jointly. Most people can use lines 3 through 5 of the worksheet on page 12 to figure their modified AGI.
5. You are not claimed as a dependent on someone's (such as your parent's) tax return.

Example. You took out a qualified student loan in 1996 while in college. You had 6 years to repay the loan and your first monthly payment was due July 1998 after you graduated. You made a payment every month as required. If you meet items **3** through **5** listed above, you may use only the interest you paid for January through June 2000 to figure your deduction. June is the end of the 60-month period (July 1998 – June 2003).

Qualified Student Loan. This is any loan you took out to pay the qualified higher education expenses for yourself, your spouse, or anyone who was your dependent when the loan was taken out. The person for whom the expenses were paid must have been an eligible student (see bottom of column). However, a loan is not a qualified student loan if **(1)** any of the proceeds were used for other purposes or **(2)** the loan was from either a related person or a person who borrowed the proceeds under a qualified employer plan or a contract purchased under such a plan. To find out who is a related person, see **Pub. 970**

Qualified higher education expenses generally include tuition, fees, room and board, and related expenses such as books, and supplies. The expenses must be for education in a degree, certificate, or similar program at an eligible educational institution. An eligible educational institution includes most colleges, universities, and certain vocational schools. You must reduce the expenses by the following nontaxable benefits.

- Employer-provided educational assistance benefits that are not included in box 1 of your W-2 form(s).
- Excludable U.S. series EE and I savings bond interest from **Form 8815**.
- Qualified distributions from an education IRA.
- Any scholarship, educational assistance allowance, or other payment (but **not** gifts, inheritances, etc.) excluded from income.

For more details on these expenses, see **Pub. 970**.

An **eligible student** is a person who:

- Was enrolled in a degree, certificate, or other program (including a program of study abroad that was approved for credit by the institution at which the student was enrolled) leading to a recognized educational credential at an eligible educational institution **and**
- Carried at least half the normal full-time workload for the course of study he or she was pursuing.

Line 25 Medical Savings Account Deduction

If you made contributions to a medical savings account for the year, you may be able to take this deduction. See **Form 8853**.

Line 26 Moving Expenses

If you moved in connection with your job or business or started a new job, you may be able to take this deduction. But your new workplace must be at least 50 miles farther from your old home than your old home was from your old workplace. If you had no former workplace, your new workplace must be at least 50 miles from your old home.

Line 27 One-Half of Self-Employment Tax

If you were self-employed and owe self-employment tax, fill in **Schedule 1040SS** to figure the amount of your deduction.

Line 28 Self-Employed Health Insurance Deduction

You may be able to deduct part of the amount paid for health insurance for yourself, your spouse, and dependents if **either** of the following applies.

- You were self-employed and had a net profit for the year.
- You received wages this year from an S corporation in which you were more-than-2% shareholder. Health insurance benefits paid for you may be shown in box 14 of your W-2AS form.

Before you begin:

Complete Form 390, lines 25 through 31a, if they apply to you.
Figure any amount to be entered on the dotted line next to line 32 (see page 11).
Be sure you have read the list on page 7.

	Your IRA	Spouse's IRA
1a. Were you covered by a retirement plan (see page 8)?	1a. Yes No	
1b. If married filing jointly, was your spouse covered by a retirement plan? Next. If you checked "No," on line 1a, and, if married filing jointly, "No" on line 1b, skip lines 2 – 6, enter \$2,000 on line 7a (and 7b if applicable), and go to line 8. Otherwise, go to line 2.		1b. Yes. No.
2. Enter the amount shown below that applies to you.		
<ul style="list-style-type: none"> • Single, head of household, or married filing separately and you lived apart from your spouse for all of the year, enter \$42,000 • Qualifying widow(er), enter \$62,000 • Married filing jointly, enter \$62,000 in both columns. But if you checked "No" on either line 1a or 1b, enter \$160,000 for the person who was not covered by a plan • Married filing separately and you lived with your spouse at any time during the year, enter \$10,000 	2a. _____	2b. _____
3. Enter the amount from Form 390, line 22	3. _____	
4. Add amounts on Form 390, lines 25 through 31a, and any amount you entered on the dotted line next to line 32	4. _____	
5. Subtract line 4 from line 3. Enter the result in both columns.....	5a. _____	5b. _____
6. Is the amount on line 5 less than the amount on line 2?		
No. STOP None of your IRA contributions are deductible. For details on nondeductible IRA contributions, see Form 8606. Yes. Subtract line 5 from line 2 in each column. If the result is \$10,000 or more, enter \$2,000 on line 7 for that column	6a. _____	6b. _____
7. Multiply lines 6a and 6b by 20% (.20). If the result is not a multiple of \$10, increase it to the next multiple of \$10 (for example, increase \$490.30 to \$500). If the result is \$200 or more, enter the result. But if it is less than \$200, enter \$200	7a. _____	7b. _____
8. Enter your wages, and your spouse's if filing jointly, and other earned income from Form 390, minus any deductions on Form 390, lines 27 and 29. Do not reduce wages by any loss from self-employment	8. _____	
If married filing jointly and line 8 is less than \$4,000, stop here and see Pub. 590 to figure your IRA deduction.		
9. Enter traditional IRA contributions made, or that will be made by April 16, of the following year for this year to your IRA on line 9a and to your spouse's IRA on line 9b.	9a. _____	9b. _____
10. On line 10a, enter the smallest of line 7a, 8, or 9a. On line 10b, enter the smallest of line 7b, 8, or 9b. This is the most you can deduct. Add the amounts on lines 10a and 10b and enter the total on Form 390, line 23. Or, if you want, you may deduct a smaller amount and treat the rest as a nondeductible contribution (see Form 8606).	10a. _____	10b. _____

The insurance plan must be established under your business. But if you were also eligible to participate in any subsidized health plan maintained by you or your spouse's employer for any month or part of a month in the year, amounts paid for health insurance coverage for that month cannot be used to figure the deduction. For example, if you were eligible to participate in a subsidized health plan maintained by your spouse's employer from September 30 through December 31, you cannot use amounts paid for health insurance coverage for September through December to figure your deduction. For more details, see **Pub. 535**.

If you qualify to take the deduction, use the worksheet on page 12 to figure the amount you can deduct.

Exception. Use Pub.535 instead of the worksheet on page 12 to find out how to figure your deduction, if **any** of the following apply.

- You had more than one source of income subject to self-employment tax.
- You file **Form 2555** or **2555-EZ**.
- You are using amounts paid for qualified long-term care insurance to figure the deduction.

Line 29 Self-Employed SEP, SIMPLE, and Qualified Plans

If you were self-employed or a partner; you may be able to take this deduction. See **Pub. 560** or, if you were a minister, **Pub. 517**.

Line 30 Penalty on Early Withdrawal of Savings

The **Form 1099-INT** or **Form 1099-OID** you received will show the amount of any penalty you were charged.

Line 31a and 31b Alimony Paid

If you made payments to or for your spouse or former spouse under a divorce or separation instrument, you may be able to take this deduction.

Line 32

Include in the total on line 32 any of the following adjustments. To find out if you can take the deduction, see the form or publication indicated. On the dotted line next to line 32, enter the amount of your deduction and identify it as indicated.

- Performing-arts-related expenses (see **Form 2106** or **2106-EZ**). Identify as "QPA."
- Jury duty pay given to your employer (see **Pub. 525**). Identify as "Jury Pay."
- Deductible expenses related to income reported on line 21 from the rental of personal property engaged in for profit. Identify as "PPR."
- Reforestation amortization (see **Pub. 535**). Identify as "RFST."
- Repayment of supplemental unemployment benefits under the Trade Act of 1974 (see **Pub. 525**). Identify as "Sub-Pay TRA."
- Contributions to section 501(c)(18) pension plans (see **Pub. 525**). Identify as "501(c)(18)."
- Contributions by certain chaplains to section 403(b) plans (see **Pub. 517**). Identify as "403(b)."
- Deduction for clean-fuel vehicles (see **Pub.535**). Identify as "Clean-Fuel."
- Employee business expenses of fee-basis state or local government officials (see **Form 2106** or **2106-EZ**). Identify as "FBO."

Line 33

If line 33 is less than zero, you may have a net operating loss that you can carry to another tax year. See **Pub. 536**.

Tax and Credits

Line 35a

If you were age 65 or older or blind, check the appropriate box(es) on line 35a. If you were married and checked the box on line 6b of Form 390 and your spouse was age 65 or older or blind, also check the appropriate box(es) for your spouse. Be sure to enter the total number of boxes checked.

Age

If you were age 65 or older on January 1 of this year, check the "65 or older" box on your return.

Blindness

If you were partially blind as of December of this year, you must get a statement certified by your eye doctor or registered optometrist that:

- You cannot see better than 20/20 in your better eye with glasses or contact lenses or
- Your field of vision is 20 degrees or less.

If your eye condition is not likely to improve beyond the conditions listed above, you can get a statement certified by your eye doctor or registered optometrist to this effect instead. You must keep the statement for your records.

Line 35b

If your spouse itemized deductions on a separate return, or if you were a dual-status alien, check the box on line 35b. But if you were a dual-status alien and you file a joint return with your spouse who was a U.S. citizen or resident at the end of the year, and you and your spouse agree to be taxed on your combined worldwide income, **do not** check the box.

Student Loan Interest Deduction Worksheet – Line 24

Keep for Your Records

Before you begin:

Complete Form 390, lines 24 and 31a, if they apply to you.
Figure any amount to be entered on the dotted line next to line 32 (see page 11).
See the instructions for line 23 that begin on page 7.

If you are filing **Form 2555, 2555-EZ, or 4563**, or you are excluding income from sources within Puerto Rico, skip lines 3 and 4 below and see Pub. 970 to figure your modified AGI to enter on line 5 below.

1. Enter the total interest you paid in the year on qualified student loans (defined on page 7).
Do not include interest that was required to be paid after the first 60 months 1. _____
2. Enter the **smaller** of line 1 or \$2,000 2. _____
3. Enter the amount from Form 390, line 22 3. _____
4. Enter the total of the amounts from Form 390, line 23, lines 25 through 31a, plus any
amount you entered on the dotted line next to line 32 4. _____
5. Modified AGI. Subtract line 4 from line 3. 5. _____
6. Enter the amount shown below for your filing status.
 - Single, head of household, or qualifying widow(er) --\$40,000
 - Married filing jointly --\$60,000 6. _____
7. Is the amount on line 5 more than the amount on line 6?
No. Skip lines 7 and 8, enter -0- on line 9, and go to line 10.
Yes. Subtract line 6 from line 5. 7. _____
8. Divide line 7 by \$15,000. Enter the result as a decimal (rounded to at least three places).
Do not enter more than "1.000". 8. _____
9. Multiply line 2 by line 8. 9. _____
10. **Student loan interest deduction.** Subtract line 9 from line 2. Enter the result here and on Form 390, line 24. **Do not**
include this amount in figuring any other deduction on your return (such as on Schedule A, C, E, etc). 10. _____

Self-Employed Health Insurance Deduction Worksheet – Line 28

Keep for Your Records

Before you begin:

Be sure you have read the **Exception** on page 11 to see if you can use
this worksheet in stead of Pub. 535 to figure your deduction.
Complete Form 390, line 29, if it applies to you.

1. Enter the total amount paid in the year for health insurance coverage established under your business for this year for
you, your spouse, and dependents. But do not include amount for any month you were eligible to participate in an
employer-sponsored health plan. 1. _____
2. Multiply line 1 by 60% (.60). 2. _____
3. Enter your net profit and any other earned income* from the business under which the insurance plan is established,
minus any deductions you claim on Form 390, lines 27 and 29. 3. _____
4. **Self-employed health insurance deduction.** Enter the **smaller** of line 2 or line 3 and on Form 390, line 28. **Do not** include
amount in figuring any medical expense deduction on Schedule A (Form 390). 4. _____

**Earned Income includes net earnings and gains from the sale, transfer, or licensing of property you created. It does not include capital gain income. If you were a more-than-2% shareholder in the S corporation under which the insurance plan is established, earned income is your wages from that corporation.*

Line 36 Itemized Deductions or Standard Deduction

In most cases, your Federal income tax
will be less if you take the **larger** of:

- Your itemized deductions or
- Your standard deduction.

! If you checked the box on **line 35b**,
your standard deduction is zero.

Itemized Deductions

To figure your itemized deductions, fill in
Schedule A.

Standard Deduction

Most people can find their standard
deduction by looking at the amounts to
the left of line 36 of Form 390. But if you
checked **any** box on **line 35a**, or you (or
your spouse if filing jointly) can be
claimed as a dependent on someone's
return, use the chart or worksheet on page
12 that applies to you to figure your
standard deduction. Also, if you checked

the box on **line 35b**, your standard deduction is zero, even if you were age 65 or older or blind.

Electing To Itemize for State Tax or Other Purposes

If you itemize even though your itemized deductions are less than your standard deduction, enter "IE" next to line 36.

Line 39 Taxable Income

If You Want, the IRS Will Figure Your Tax and Some of Your Credits

Tax. If you have paid too much, we will send you a refund. If you did not pay enough, we will send you a bill. For details, including who is eligible and what to do, see **Pub. 967**.

Credit for the Elderly or the Disabled

If you can take this credit and you want us to figure it for you, see the instructions for **Schedule R**.

Earned Income Credit (EIC) Not applicable in American Samoa.

Line 40 Tax

Use one of the following methods to figure your tax. Also include in the total on line 40 any of the following taxes.

- Tax from **Forms 8814** and **4972**. Be sure to check the appropriate box(es).

- Tax from recapture of an education credit. See **Form 8863** to find out if you owe this tax and, if you do, how to figure the amount to include on line 40. You may owe this tax if **(1)** you claimed an education credit on your previous return **and (2)** you, your spouse if filing jointly, or your dependent received this year either a refund of qualified tuition and related expenses or tax-free educational assistance. Enter the amount and "ECR" on the dotted line next to line 40.

Standard Deduction Chart for People Age 65 or Older or Blind – Line 36

Keep for Your Records

If someone can claim you (or your spouse if married filing jointly) as a dependent, use the worksheet below instead

Enter the number from the box on line 35a of Form 390

Do not use the number of exemptions from line 6d.

IF your filing status is.....	AND the number in the box above is ...	THEN your standard deduction is.....
Single	1	\$5,500
	2	6,600
Married filing jointly or Qualifying widow(er)	1	\$8,200
	2	9,050
	3	9,900
	4	10,750
Married filing separately	1	\$4,525
	2	5,375
	3	6,225
	4	7,075
Head of household	1	\$7,550
	2	8,650

Standard Deduction Worksheet for Dependents - Line 36

Keep for Your Records

Use this worksheet **only** if someone can claim you (or your spouse if married filing jointly) as a dependent.

1. Add \$250 to your **earned income***. Enter the total. 1. _____
2. Minimum standard deduction. 2. _____
3. Enter the **larger** of line 1 or line 2. 3. _____
4. Enter the amount shown below for your filing status.
 - Single --\$4,400
 - Married filing separately --\$3,675
 - Married filing jointly or qualifying widow(er) --\$7,350 4. _____
 - Head of household -- \$6,460
5. **Standard deduction.**
 - a. Enter the **smaller** of line 3 or line 4. If under 65 and not blind, **stop here** and enter this amount on Form 390, line 36. **Otherwise**, go to line 5b. 5a. _____
 - b. If 65 or older or blind, multiply the number on Form 390, line 35a, by: \$1,100 if single or head of household; \$850 if married filing jointly or separately, or qualifying widow(er). 5b. _____

c. Add lines 5a and 5b. Enter the total here and on Form 390, line 36. 5c.

**Earned income includes wages, salaries, tips professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income. Generally, your earned income is the total of the amount(s) you reported on Form 390, lines 7, 12, and 18 minus the amount, if any, on line 27.*

Deduction for Exemptions Worksheet – Line 38

Keep for Your Records

1. Is the amount on Form 390, line 34, more than the amount shown on line 4 below for your filing status?
No. STOP. Multiply \$2,800 by the total number of exemptions claimed on Form 1040, line 6d, and enter the result on line 38.

Yes. *Continue*

2. Multiply \$2,800 by the total number of exemptions claimed on Form 390, line 6d. 2.
3. Enter the amount from Form 390, line 34. 3.
4. Enter the amount shown below for your filing status.
 • Single --\$128,950.
 • Married filing jointly or qualifying widow(er) -- \$193,400 4.
 • Married filing separately -- \$96,700
 • Head of household --\$161,150
5. Subtract line 4 from line 3. 5.

Note. If line 5 is more than: \$122,500 if single, married filing jointly, head of household, or qualifying widow(er); \$61,250 if married filing separately, **stop here.** You **cannot** take a deduction for exemptions. Enter -0- on Form 390, line 38.

6. Divide line 5 by: \$2,500 if single, married filing jointly, head of household, or qualifying widow(er); \$1250 if married filing separately. If the result is not a whole number, increase it to the next higher whole number (for example, increase 0.0004 to 1). 6.
7. Multiply line 6 by 2% (.02) and enter the result as a decimal amount. 7.
8. Multiply line 2 by line 7. 8.
9. **Deduction for exemptions.** Subtract line 8 from line 2. Enter the result here and on Form 390, line 38. 9.

• Tax Table or Tax Rate Schedules

If your taxable income is less than \$100,000, you **must** use the Tax Table, which you can get from the ASG Tax Office Customer Service window to figure your tax. Be sure you use the correct column. If your taxable income is \$100,000 or more, use the Tax Rate Schedules.

Exceptions. Do not use the Tax Table or Tax Rate Schedules to figure your tax if **either** of the following applies.

- You are required to use **Form 8615, Schedule D**, or the **Capital Gain Tax Worksheet** below or
- You use **Schedule J** (for farm income).

Form 8615

Form 8615 must generally be used to figure the tax for any child who was

under age 14 on January 1, of the following year, and who had more than \$1,400 of investment income, such as taxable interest, ordinary dividends, or capital gains (including capital gain distributions). But if neither of the child's parents were alive on December 31, of this year, do not use Form 8615 to figure the child's tax.

Schedule D

If you had a net capital gain on Schedule D (both lines 16 and 17 of Schedule D are gains) and the amount on Form 390, line 39, is more than zero, use Part IV of Schedule D to figure your tax.

Capital Gain Tax Worksheet

If you received capital gain distributions but you are not required to file Schedule D, use the worksheet below to figure your tax.

Schedule J

If you had income from farming, your tax may be less if you choose to figure it using income averaging on Schedule J.

Line 41 Alternative Minimum Tax

Use the worksheet on page 16 to see if you should fill in **Form 6251**.

Exception. Fill in Form 6251 instead of using the worksheet on page 16 if you claimed or received any of the following items.

- Accelerated depreciation
- Stock by exercising an incentive stock option and you did not dispose of the stock of the same year.
- Tax-exempt interest from private security bonds.

4. Intangible drilling, circulation, research, experimental, or mining costs.
5. Amortization of pollution-control facilities or depletion.

6. Income or (loss) from tax-shelter farm activities or passive activities.
7. Percentage-of-completion income from long-term contracts.

8. Interest paid on a home mortgage **not** used to buy, build, or substantially improve your home.

Capital Gain Tax Worksheet – Line 40

Keep for Your Records

Before you begin:

Be sure you do not have to file Schedule D (see instructions for Form 390, on page 4).
Be sure you checked the box on line 13 of Form 390.

1. Enter the amount from Form 390, line 39. 1. _____
2. Enter the amount from Form 390, line 13. 2. _____
3. Subtract line 2 from line 1. If zero or less, enter -0-. 3. _____
4. Figure the tax on the amount on line 3. Use the Tax Table or Tax Rate Schedules, whichever applies. 4. _____
5. Enter the **smaller** of:
 - The amount on line 1 or
 - \$26,250 if single; \$43,850 if married filing jointly or qualifying widow(er); \$21,925 if married filing separately; or \$35,150 if head of household. 5. _____
6. Is the amount on line 3 equal to or more than the amount on line 5?
Yes. Leave line 6 through 8 blank; go to line 9 and check the 'No' box.
No. Enter the amount from line 3. 6. _____
7. Subtract line 6 from line 5. 7. _____
8. Multiply line 7 by 10% (.10). 8. _____
9. Are the amounts on lines 2 and 7 the same?
Yes. Leave lines 9 through 12 blank; go to line 13.
No. Enter the **smaller** of line 1 or line 1. 9. _____
10. Enter the amount, if any, from line 7. 10. _____
11. Subtract line 10 from line 9. If zero or less, enter -0-. 11. _____
12. Multiply line 11 by 20% (.20). 12. _____
13. Add lines 4, 8, and 12. 13. _____
14. Figure the tax on the amount on line 1. Use the Tax Table or Tax Rate Schedules, whichever applies. 14. _____
15. **Tax on all taxable income (including capital gain distributions).** Enter the **smaller** of line 13 or line 14 here and on Form 390, line 40. 15. _____

9. Investment interest expense reported on **Form 4952**.
10. Net operating loss deduction.
11. Alternative minimum tax adjustments from an estate, trust, electing large partnership, or a cooperative.
12. Section 1202 exclusion.

! Form 6251 should be filled in for a child under age 14 if the child's adjusted gross income from Form 390, line 34, exceeds the child's earned income by more than \$5,200.

Line 43 Foreign Tax Credit

If you paid income tax to a foreign country, you may be able to take this credit. But you must complete and attach **Form 1116** to do so.

Exception. You do not have to file Form 1116 to take this credit if **all five** of the following apply.

1. All of your gross foreign-source income is from interest and dividends and all of that income and the foreign tax paid on it is reported to you on **Form 1099-INT** or **Form 1099-DIV** (or substitute statement).

2. If you have dividend income from shares of stock, you held those shares for at least 16 days.

3. You are not filing **Form 4563** or excluding income from sources within Puerto Rico.

4. The total of your foreign taxes is not more than \$300 (not more than \$600 if married filing jointly).

5. All of your foreign taxes were:

- Legally owed and not eligible for a refund and
- Paid to countries that are recognized by the United States and do not support terrorism.

Before you begin:

Be sure you have read the **Exception** that begins on page 14 to see if you must fill in Form 6251 instead of using this worksheet.
If you are claiming the foreign tax credit (see the instructions for Form 390, line 43, above), enter that credit on line 43.

1. Enter the amount from Form 390, line 37.	1. _____
2. Are you filing Schedule A ? Yes. Leave line 2 blank and go to line 3. No. Enter your standard deduction from Form 390, line 36, and go to line 5.	2. _____
3. Enter the smaller of the amount on Schedule A, line 4, or 2.5% (.025) of the amount on Form 390, line 34.	3. _____
4. Add lines 9 and 26 of Schedule A and enter the total.	4. _____
5. Add lines 1 through 4 above.	5. _____
6. Enter the amount shown below for your filing status. • Single or head of household --\$33,750 • Married filing jointly or qualifying widow(er) --\$45,000 • Married filing separately -- \$22,500	6. _____
7. Is the amount on line 5 more than the amount on line 6? No. Enter -0- here and on line 10 and go to line 11. Yes. Subtract line 6 from line 5.	7. _____
8. Enter the amount shown below for your filing status. • Single or head of household --\$112,500 • Married filing jointly or qualifying widow(er) -- \$150,000 • Married filing separately -- \$75,000	8. _____
9. Is the amount on line 5 more than the amount on line 8? No. Enter -0- here and on line 10 and go to line 11. Yes. Subtract line 8 from line 5.	9. _____
10. Multiply line 9 by 25% (.25) and enter the result but do not enter more than line 6 above.	10. _____
11. Add lines 7 and 10.	11. _____
12. Is the amount on line 11 more than the amount shown below for your filing status? • Single, married filing jointly, head of household, or qualifying widow(er) -- \$175,000 • Married filing separately -- \$87,500. Yes. STOP. Fill in Form 6251 to see if you owe the alternative minimum tax. No. Multiply line 11 by 26% (.26).	12. _____
13. Enter the amount from Form 390, line 40, minus the total of any tax from Form 4972 and any amount on Form 390, line 43.	13. _____
Next. Is the amount on line 12 more than the amount on line 13? Yes. Fill in Form 6251 to see if you owe the alternative minimum tax. No. Do not fill in Form 6251.	

Note. If you need more information about these requirements, see the Instructions for Form 1116.

Do you meet all five requirements that begin on page 16?

Yes. Enter on line 43 the **smaller** of your total foreign tax or the amount on Form 390, line 40.

No. See Form 1116 to find out if you can take the credit and, if you can, if you have to file Form 1116.

Line 44

Credit for Child and Dependent Care Expenses

You may be able to take this credit if you paid someone to care for child **under age 13** or your dependent or spouse who could not care for himself or herself. For details, see **Form 2441**.

Line 45

Credit for the Elderly or the Disabled

You may be able to take this credit if by the end of the year (1) you were age 65 or older or (2) you retired on **permanent and total disability** and you had taxable disability income. But you usually **cannot** take the credit if the amount on Form 390, line 34, is \$17,500 or more (\$20,000 if married filing jointly and only one spouse is eligible for the credit; \$25,000 if married filing jointly and both spouses are eligible; \$12,500 if married filing separately). See **Schedule R** and its instructions for details.

Line 46

Education Credits

If you (or your dependent) paid qualified expenses this year for yourself, your spouse, or your dependent to enroll in or attend an eligible educational institution, you may be able to take an education credit. See **Form 8863** for details. However, you **cannot** take an education credit if **any** of the following apply.

- You are claimed as a dependent on someone's (such as your parent's) present year tax return.

- Your filing status is married filing separately.

- The amount on Form 390, line 34, is \$50,000 or more (\$100,000 or more if married filing jointly).

- You (or your spouse) were a nonresident alien for any part of this year unless your filing status is married filing jointly.

Line 47

Child Tax Credit

What Is the Child Tax Credit?

This credit is for people who have a qualifying child as defined in the instructions for line 6c, column (4), on page 1. It is in addition to the credit for child and dependent care expenses on Form 390, line 44.

❗ If you only have one or two qualifying children and the amount on Form 390, line 42, is zero, you cannot take this credit. You also cannot take the additional child tax credit on Form 390, line 62.

Three Steps to Take the Child Tax Credit!

Step 1: Make sure you have a qualifying child for the child tax credit. See the instructions for line 6c, column (4), on page 1.

Step 2: Make sure you checked the box in column (4) of line 6c on Form 390 for each qualifying child.

Step 3: Answer the questions on this page to see if you may use the worksheet on page 18 to figure your credit or if you must use Pub. 972, Child Tax Credit.

QUESTIONS: Who must Use Pub. 972?

1. Are you excluding income from Puerto Rico or are you filing any of the following forms?

- Form 2555 or 2555-EZ (relating to foreign earned income)
- Form 4563 (exclusion of income for residents of American Samoa)

No. *Continue*

Yes. STOP.

You must use Pub. 972 to figure your credit instead of the worksheet on page 18.

2. Is the amount on Form 390, line 34, more than the amount shown below for your filing status?

- Married filing jointly -- \$110,000
- Single, head of household, or qualifying widow(er) -- \$75,000
- Married filing separately -- \$55,000

No. *Continue*

Yes. STOP.

You must use Pub. 972 to figure your credit instead of the worksheet on page 18.

3. Do you have three or more qualifying children for the child tax credit?

No. STOP.

Use the worksheet on page 18 to figure your credit.

Yes. *Continue*

4. Are you claiming any of the following credits?

- Adoption credit, Form 8839 (see the instructions for Form 390, line 48, on page 19)
- Mortgage interest credit, Form 8396 (see the instructions for Form 390, line 49, on page 19)

No. Use the worksheet on page 18 to figure your child tax credit.

Yes. You must use Pub. 972 to figure your child tax credit instead of the worksheet on page 18.

Line 48

Adoption Credit

You may be able to take credit if you paid expenses this year to adopt a child. See **Form 8839** for details.

Child Tax Credit Worksheet—Line 47**Keep for Your Records**

Name(s) Shown on tax return

Your Social Security Number

1. Number of qualifying children: _____ x \$500. Enter the result.

1

2. Enter the amount from Form 390, line 42.

2

3. Add the amounts from Form 390


Line 43 + _____

Line 45 + _____

Line 46 + _____ Enter the total.

3

4. Are the amounts on lines 2 and 3 the same?

☐ **Yes.** 

You cannot take this credit because there is no tax to reduce. However, see the TIP below before completing the rest of your Form 390

☐ **No.** Subtract line 3 from line 2.

4

5. Is the amount on line 1 more than the amount on line 4?

☐ **Yes.** Enter the amount from line 4.
See the TIP below.**This is your child tax credit.**☐ **No.** Enter the amount from line 1.

5

Enter this amount on
Form 390, line 47.

TIP

You may be able to take the additional child tax credit on Form 390, line 62, only if you answered “Yes” on line 4 or line 5 above and the amount on line 1 is \$1,500 or more.

- First, complete your Form 390 through line 61.
- Then, use Form 8812 to figure any additional child tax credit.

Line 49

Other Credits

Include in the total on line 49 any of the following credits and check the appropriate box(es). If box **d** is checked, also enter the form number. To find out if you can take the credit, see the form or publication indicated.

- Mortgage interest credit. If a state or local government gave you a mortgage credit certificate, see **Form 8396**.
- Credit for prior year minimum tax. If you paid alternative minimum tax in a prior year, see **Form 8801**.
- Qualified electric vehicle credit. If you placed a new vehicle in service this year, see **Form 8834**.
- General business credit. This credit consists of a number of credits that usually apply only to shareholders in an S corporation, self-employed, or who have real property. See **Form 3800** or **Pub. 334**.
- Empowerment zone employment credit. See **Form 8844**.
- District of Columbia first-time homebuyer credit. See **Form 8859**.

Line 50

If you sold fuel produced from a non-conventional source, see Internal Revenue Code section 29 to find out if you can take the **non-conventional source fuel credit**. If you can, attach a schedule showing how you figured the credit. Include the credit in the total on line 50. Enter the amount and "FNS" on the dotted next to line 50.

Other Taxes

Line 53 Social Security and Medicare Tax on Tip Income Not Reported to Employer

If you received tips of \$20 or more in any month and you did not report the full amount to your employer, you must pay the social security and Medicare or railroad retirement (RTTA) tax on the unreported tips. You must also pay this tax if your W-2 form(s) shows allocated tips that you are including in your income on Form 390, line 7.

To figure the tax, use **Form 4137**. To pay the RTTA tax, contact your employer. Your employer will figure and collect the tax.

! You may be charged a penalty equal to 50% of the social security and Medicare tax due on tips you received but did not report to your employer.

Line 54 Tax on IRAs, Other Retirement Plans, and MSAs

If **any** of the following apply, see **Form 5329** and its instructions to find out if you owe this tax and if you must file Form 5329.

1. You received early distributions from (a) an IRA or other qualified retirement plan, (b) an annuity, or (c) a modified endowment contract entered into after June 20, 1988.
2. You made excess contributions to your IRA or MSA.
3. You were born before July 1, 1932, and did not take the minimum required distribution from your IRA or other qualified retirement plan.

Exception. If **only** item 1 applies to you **and** distribution code 1 is correctly

shown in box 7 of your **Form 1099-R**, you do not have to file Form 5329. Instead, multiply the taxable amount of the distribution by 10% (.10) and enter the results on line 54. The taxable amount of the distribution is the part of the distribution you reported on line 15b or line 16b of Form 390 or on Form 4972. Also, put "No" next to line 54 to indicate that you do not have to file Form 5329. **But** if distribution code 1 is incorrectly shown in box 7, you must file Form 5329.

Line 56 Household Employment Taxes

If **any** of the following apply, see **Schedule H** and its instructions to find out if you owe these taxes.

1. You paid **any one** household employee (defined below) cash wages of \$1,200 or more in the year. Cash wages include wages paid by checks, money orders, etc.
2. You withheld Federal income tax during the year at the request of any household employee.
3. You paid **total** cash wages of \$1,000 or more in **any** calendar **quarter** of the previous year or this year to household employees.

TIP For item 1, do not count amounts paid to an employee who was under age 18 at any time in the year and was a student.

Line 57 Total Tax

Include in the total on line 57 any of the following taxes. To find out if you owe the tax, see the form or publication indicated. On the dotted line next to line 57, enter the amount of the tax and identify it as indicated.

Recapture of the Following Credits.

- Investment credit (see **Form 4255**). Identify as "ICR."
- Low-income housing credit. (see **Form 8611**). Identify as "LIHCR."

- Qualified electric vehicle credit (see **Pub. 535**). Identify as “QEVCR.”
- Indian employment credit. Identify as “IECR.”

Recapture of Federal Mortgage Subsidy. If you sold your home this year and it was financed (in whole or in part) from the proceeds of any tax-exempt qualified mortgage bond or you claimed the mortgage interest credit, see **Form 8828**. Identify as “FMSR.”

Section 72(m)(5) Excess Benefits Tax (see **Pub. 560**). Identify as “Sec. 72(m)(5).”

Uncollected Social Security and Medicare or RRTA Tax on tips or Group-Term Life Insurance. This tax should be shown in box 13 of your Form W-2 with codes **A** and **B** or **M** and **N**. Identify as “UT.”

Golden Parachute Payments. If you received an excess parachute payment (EPP), you must pay a 20% tax on it. This tax should be shown in box 13 of your W-2 form with code **K**. If you received a **Form 1099-MISC**, the tax is 20% of the EPP shown in box 13. Identify as “EPP.”

Tax on Accumulation Distribution of Trusts. Enter the amount from **Form 4970** and identify as “ADT.”

Payments

Line 58 ASG Income Tax Withheld

Add the amounts shown as ASG income tax withheld on your **Forms w-2AS, W-2G, and 1099-R**. Enter the total on line 58. The amount withheld should be shown in box 2 of Form W-2AS or W-2G, and in box 4 of Form 1099-R. If line 58 includes amounts withheld as shown on Form 1099-R to the front of your return.

If you received this year’s Form 1099 showing ASG income tax withheld on dividends, interest income, unemployment compensation, social security benefits, or other income you received, include the amount withheld in the total on line 58. This should be

shown in box 4 of the 1099 form or box 6 of **Form SSA-1099**.

Line 59 Estimated Tax Payments

Enter any payments you made on your estimated Federal income tax (**Form 1040-ES**) for this year. Include any overpayment from your previous return that you applied to this year’s estimated tax.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, either of you can claim all of the amount paid. Or you can each claim part of it. See **Pub. 505** for details on how to report your payments. Be sure to show both social security numbers (SSNs) in the space provided on the separate returns. If you or your spouse paid separate estimated tax but you are now filing a joint return, add the amounts you each paid. Follow these instructions even if your spouse died this year or at the start of the following year before filing this year’s return.

Divorced Taxpayers

If you got divorced this year and you made joint estimated tax payments with your former spouse, put your former spouse’s SSN in the space provided on the front of the Form 390. If you were divorced and remarried this year, put your present spouse’s SSN in the space provided on the front of the Form 390. Also, under the heading “Payments” to the left of line 59, put your former spouse’s SSN, followed by “DIV.”

Name Change

If you changed your name because of marriage, divorce, etc., and you made estimated tax payments using your former name, attach a statement to the front of Form 390. On the statement, explain all the payments you and your spouse made during the filing year and the name(s) and SSN(s) under which you made them.

Lines 60a and 60b- Earned Income Credit (EIC)

Not applicable in American Samoa.

Line 61 Excess Social Security and RRTA Tax Withheld

If you or your spouse if filing a joint return, had more than one employer for the filing year and total wages of more than \$76,200, too much social security tax may have been withheld. You can take a credit on this line for the amount withheld in excess of \$4,724.40. But if any one employer withheld more than \$4,724.40, you must ask that employer to refund the excess to you. You cannot claim it on your return. Figure this amount separately for you and your spouse.

If you had more than one railroad employer for the year and your total compensation was over \$56,700, too much railroad retirement (RRTA) tax may have been withheld.

For more details, see **Pub. 505**.

Line 62 Additional Child Tax Credit

What Is the Additional Child Tax Credit?

This credit is for certain people who have three or more qualifying children as defined in the instructions for line 6c, column (4), on page 1. The additional child tax credit may give you a refund even if you do not owe any tax.

Two Steps To Take the Additional Child Tax Credit!

Step 1. Be sure you figured the amount, if any, of your child tax credit. See the instructions for line 47 that begin on page 17.

Step 2. Read the **TIP** at the end of your Child Tax Credit Worksheet. Use Form 8812 to see if you can take the additional child tax credit only if you meet the two conditions given in that TIP.

Line 63

Amount Paid With Request for Extension to File

If you either filed **Form 4868** or used direct debit or your credit card to get an automatic extension of time to file Form 390, enter any amount you paid with that form or by direct debit or credit card. If you paid by credit card, do not include on line 63 the convenience fee you were charged. Also, include any amounts paid with **Form 2688** or **2350**.

Line 64

Other Payments

Check the box(es) on line 64 to report any credit from **Form 2439** or **4136**.

Refund

Line 66

Amount Overpaid

If line 66 is under \$1, we will send a refund only on written request.

If you want to check the status of your refund, please wait at least 4 weeks from the date you filed your return to do so. See page **11** for details.

Refund Offset

If you owe past-due AS tax, all or part of the overpayment on line 66 may be used (offset) to pay the past-due amount.

Injured Spouse Claim

If you file a joint return and your spouse has not paid past-due AS tax, child support, spousal support, or a Federal nontax debt, such as a student loan, part or all of the overpayment on line 66 may be used (offset) to pay the past-due amount. But **your** part of the overpayment may be refunded to you after the offset occurs if certain conditions apply and you complete **Form 8379**.

Line 68

Applied to Next Year's Estimated Tax

Enter on line 68 the amount, if any, of the overpayment on line 66 you want applied to next year's estimated tax. We will apply this amount to your account unless you attach a statement requesting us to apply it to your spouse's account. Include your spouse's social security number in the attached statement. This election to apply part or all of the amount overpaid to next year's estimated tax cannot be changed later.

Amount You Owe

Line 69

Amount You Owe

Include any estimated tax penalty from line 70 in the amount you enter on line 69.

You can pay by check, money order, or cash. **Do not** include any estimated tax payment in your check or money order. Instead, make the estimated tax payment separately.

What if You Cannot Pay?

If you cannot pay the full amount shown on line 69 when you file, you may ask to make monthly **installment payments**. You may have up to 60 months to pay. However, you will be charged interest and may be charged a late payment penalty on the tax not paid by April 16, even if your request to pay in installments is granted. You must also pay a fee. To limit the interest and penalty charges, pay as much of the tax as possible when you file. But before requesting an installment agreement, you should consider other less costly alternatives, such as a bank loan.

To ask for an installment agreement, use **Form 9465**. You should receive a response to your request for installments within 30 days. But if you file your return after March 31, it may take us longer to reply.

Line 70

Estimated Tax Penalty

! You must include household employment taxes reported on line 56 to see if you owe the penalty if line 58 is more than zero **or** you would owe the penalty even if you did not include those taxes. But if you entered an amount on Schedule H, line 7, include the total of that amount plus the amount on Form 390, line 56.

You may owe this penalty if:

- Line 69 is at least \$1,000 and it is more than 10% of the tax shown on your return or
- You did not pay enough estimated tax by any of the due dates. This is true even if you are due a refund.

For most people, the "tax shown on your return" is the amount on line 57 minus the total of any amounts shown on line 60a and 62 and Forms 8828, 4137, 4136, and 5329 (Parts III, IV, V, VI, and VII only).

Exceptions. You will not owe the penalty if last year's tax return was for a tax year of 12 full months **and either** of the following applies.

1. You had no tax liability for last year and you were a U.S. citizen or resident for all of that year **or**
2. The total of lines 58, 59, and 61 on this year's return is at least as much as the tax liability shown on last year's return. Your estimated tax payments for this year must have been made on time and for the required amount.

! If your adjusted gross income last year was over \$150,000 (over \$75,000 if your filing status this year is married filing separately), item 2 above applies only if the total of lines 58, 59, and 61 on this year's return is at least 108.6% of the tax liability shown on last year's return. This rule does not apply to farmers and fishermen.

Figuring the Penalty

If the **Exceptions** above do not apply and you choose to figure the penalty yourself, see **Form 2210** (or **2210-F** for farmers and fishermen) to find out if you owe the penalty. If you do, you can use the form to figure the amount. In certain situations, you may be able to lower your penalty. For details, see the Instructions for Form 2210 (or 2210-F). Enter the penalty on Form 390, line 70. Add the penalty to any tax due and enter the total on line 69. If you are due a refund, subtract the penalty from the overpayment you show on line 66. **Do not** file Form 2210 with your return unless Form 2210 indicates that you must do so. Instead, keep it for your records.

Because Form 2210 is complicated, if you want to, you can leave line 70 blank and the ASG Tax Office will figure the penalty and send you a bill. We will not charge you interest on the penalty if you pay by the date specified on the bill.

Sign Your Return

Form 390 is not considered a valid return unless you sign it. If you are filing a joint return, your spouse must also sign. If your spouse cannot sign the return, see **Pub. 501**. If you have someone prepare your return, you are still responsible for the correctness of the return. If you are filing a joint return as a surviving spouse, see **Death of a Taxpayer** on page 23.

Child's Return

If your child cannot sign the return, either parent may sign the child's name in the space provided. Then, add "By (your signature), parent for minor child."

Daytime Phone Number

Providing your daytime phone number may help speed the processing of your return. We may have questions about items on your return, such as the credit for child and dependent care expenses, etc. By answering our questions over the phone, we may be able to continue processing your return without mailing you a letter. If you are filing a joint

return, you may enter either you or your spouse's daytime phone number

Paid Preparer Must Sign Your Return

Generally, anyone you pay to prepare your return must sign it by hand in the space provided. Signature stamps or labels cannot be used. The preparer must give you a copy of the return for your records. Someone who prepares your return but does not charge you should not sign your return.

Paid Preparer Authorization

If you want to allow the ASG Tax Office to discuss your tax return with the paid preparer who signed it, check the "Yes" box in the signature area of the return. This authorization applies only to the individual whose signature appears in the "Paid Preparer's Use Only" section of your return. It does not apply to the firm, if any, shown in that section.

If you check the "Yes" box, you and your spouse if filing a joint return, are authorizing the ASG Tax Office to call the paid preparer to answer any questions that may arise during the processing of your return. You are also authorizing the paid preparer to:

- Give the ASG Tax Office any information that is missing from your return,
- Call the ASG Tax Office for information about the processing of your return or the status of your refund or payment(s), and
- Respond to certain ASG Tax Office notices that you have shared with the preparer about math errors, offsets, and return preparation. The notices will not be sent to the preparer.

You are not authorizing the paid preparer to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the ASG Tax Office. If you want to expand the paid preparer's authorization, see **Pub. 947**.

The authorization cannot be revoked. However, the authorization will automatically end no later than the due date (without regard to extensions) for filing your tax return. This is April 15 for most people.

Assemble Your Return

Assemble any schedules and forms behind Form 390 in order of the "Attachment Sequence No." shown in the upper right corner of the schedule or form. If you have supporting statements, arrange them in the same order as the schedules or forms they support and attach them last. **Do not** attach correspondence or other items unless required to do so. Attach a copy of Forms W-2AS, W-2G, and 2439 to the front of Form 390. Also attach Form(s) 1099-R if tax was withheld.

General Information

What Are Your Rights as a Taxpayer?

You have the right to be treated fairly, professionally, promptly, and courteously by ASG Office Tax employees. Our goal at the ASG Tax Office is to protect your rights so that you will have the highest confidences in the integrity, efficiency, and fairness of our tax system. To ensure that you always receive such treatment, you should know about the many rights you have at each step of the tax process. For details, see **Pub. 1**.

Innocent Spouse Relief

You may qualify for relief from liability for tax on a joint return if (1) there is an understatement of tax because your spouse omitted income or claimed false deductions or credits, (2) you are divorced, separated, or no longer living with your spouse, or (3) given all the facts and circumstances, it would not be fair to hold you liable for the tax. See **Form 8857** or **Pub. 971** for more details.

Income Tax Withholding and Estimated Tax Payments for the following year

If the amount you owe or the amount you overpaid is large, you may want to file a new **Form W-4** with your employer to change the amount of income tax withheld from next year's pay. In general, you do not have to make estimated tax payments if you expect that your Form 390 for the following year will show a tax refund or a tax balance due the ASG Tax Office of less than \$1,000. If your total estimated tax (including any household employment taxes or alternative minimum tax) for next year is \$1,000 or more, see **Form 1040-ES**. It has a worksheet you can use to see if you have to make estimated tax payments. For more details, see **Pub. 505**.

Do Both the Name and SSN on Your Tax Forms Agree With Your Social Security Card?

If not, certain deductions and credits may be reduced or disallowed, your refund may be delayed, and you may not receive credit for your social security earnings. If your Form W-2, Form 1099, or other tax document shows an incorrect SSN or name, notify your employer or the form-issuing agent as soon as possible to make sure your earnings are credited to your social security record. If the name or SSN on your social security card is incorrect, call the Social Security Administration at 1-800-772-1213.

How Long Should Records Be Kept?

Keep a copy of your tax return, worksheets you used, and records of all items appearing on it (such as W-2AS and 1099 forms) until the statute of limitations runs out for that return. Usually, this is 3 years from the date the return was due or filed, or 2 years from the date the tax was paid, whichever is later. You should keep some records longer. For example, keep property records (including those on your home) as long as they are needed to figure the basis of the original or replacement

property. For more details, see **Pub. 552**.

Amended Return

File **Form 390X** to change a return you already filed. Generally, Form 390X must be filed within 3 years after the date the original return was filed, or within 2 years after the date the tax was paid, whichever is later. But you may have more time to file Form 390X if you are physically or mentally unable to manage your financial affairs. See **Pub. 556** for details.

Death of a Taxpayer

If a taxpayer died before filing a return for the year, the taxpayer's spouse or personal representative may have to file and sign a return for that taxpayer. A personal representative can be an executor, administrator, or anyone who is in charge of the deceased taxpayer's property. If the deceased taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund. The person who files the return should enter "DECEASED," the deceased taxpayer's name, and the date of death across the top of the return.

If your spouse died during the filing year and you did not remarry, you can file a joint return. You can also file a joint return if your spouse died before filing a return for the previous year. A joint return should show your income for all of the year. Enter "Filing as surviving spouse" in the area where you sign the return. If someone else is the personal representative, he or she must also sign.

The surviving spouse or personal representative should promptly notify all payers of income, including financial institutions, of the taxpayer's death. This will ensure the proper reporting of income earned by the taxpayer's estate or heirs. A deceased taxpayer's social security number should not be used for tax years after the year of death, except for tax return purposes.

Claiming a Refund for a Deceased Taxpayer

If you are filing a joint return as a surviving spouse, you only need to file the tax return to claim the refund. If you are a court-appointed

representative, file the return and attach a copy of the certificate that shows your appointment. All other filers requesting the deceased taxpayer's refund must file the return and attach **Form 1310**.

Interest and Penalties

TIP You do not have to figure the amount of any interest or penalties you may owe. Because figuring these amounts can be complicated, we will do it for you if you want. We will send you a bill for any amount due.

If you include interest or penalties (other than the estimated tax penalty) with your payment, identify and enter the amount in the bottom margin of Form 390, page 2. Please **do not** include interest or penalties (other than the estimated tax penalty) in the **amount you owe** on line 69.

Interest

We will charge you interest on taxes not paid by their due date, even if an extension of time to file is granted. We will also charge you interest on penalties imposed for failure to file, negligence, fraud, substantial valuation misstatements, and substantial understatements of tax. Interest is charged on the penalty from the due date of the return (including extensions).

Penalties

Late Filing. If you do not file your return by the due date (including extensions), the penalty is usually 5% of the amount due for each month or part of a month your return is late, unless you have a reasonable explanation. If you do, attach it to your return. The penalty can be as much as 25% (more in some cases) of the tax due. If your return is more than 60 days late, the minimum penalty will be \$100 or the amount of any tax you owe, whichever is smaller.

Late Payment Tax. If you pay your taxes late, the penalty is usually half of 1% of the unpaid amount for each month or part of a month the tax is not paid. The penalty can be as much as 25% of the unpaid amount. It applies to any unpaid tax on the return. This penalty is in addition to interest charges on late payments.

Frivolous Return. In addition to any other penalties, the law imposes a penalty of \$500 for filing a frivolous return. A frivolous return is one that does not contain information needed to figure the correct tax because you take a frivolous position or desire to delay or interfere with the tax laws. This includes altering or striking out the preprinted language above the space where you begin.

Other. Other penalties can be imposed for negligence, substantial understatement of tax, and fraud. Criminal penalties may be imposed for willful failure to file, tax evasion, or making a false statement. See **Pub. 17** for details on some of these penalties.
